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National Intelligence Estimate

Nicaragua: Prospects for Sandinista Consolidation

Key Judgments

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**NICARAGUA: PROSPECTS FOR
SANDINISTA CONSOLIDATION**

KEY JUDGMENTS

**The full text of this Estimate
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with regular distribution.**

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THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL
INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.

The following intelligence organizations participated in the preparation of the Estimate:

The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organizations of the Departments of State and the Treasury.

Also Participating:

The Assistant Chief of Staff for Intelligence, Department of the Army

The Director of Naval Intelligence, Department of the Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

The Director of Intelligence, Headquarters, Marine Corps

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KEY JUDGMENTS

We judge that the Sandinistas are intent on creating a Marxist-Leninist one-party state in Nicaragua, closely patterned on that of Cuba and aligned with the Soviet Union, that would continue to challenge US political and security interests in Central America. The Sandinista leadership has been remarkably united in pursuit of this goal despite some differences over the tactics and pace of consolidation. The principal impediments to full consolidation are a persistent insurgency, popular discontent, the internal political opposition, the Catholic Church hierarchy, a worsening economy, the need for Western political and economic support, and fear of US intervention. [redacted]

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None of these factors, however, have prevented the Sandinistas from pursuing a gradual consolidation of a system that retains little more than symbolic remnants of political pluralism and an increasingly shrinking and beleaguered private economic sector. The Sandinistas have exploited divisions and mistrust within the internal political opposition, which has been unable to decide upon an effective or united course of action to defend itself. Managua's international position, its support for insurgencies in El Salvador and elsewhere, and growing Soviet Bloc ties reflect its increasingly pro-Soviet course and dependence—as does the integral Cuban and other Soviet Bloc role in almost all facets of its development. The consolidation process thus far has been managed skillfully enough to avoid an open break with sympathetic Western governments and political entities, though even many of these are increasingly dubious about the Sandinistas' ultimate goals. [redacted]

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The Sandinista consolidation of power has closely followed the pattern of other Marxist-Leninist regimes in the Third World, with a small core of dedicated revolutionaries providing direction with the assistance of Cuban and other Soviet Bloc advisers. Most of the elements of the Sandinista plan to build a Marxist-Leninist state were in place within the first two years. These included party control of the military, security services, and government bureaucracy; the use of Sandinista mass organizations; and domination of the media. The regime also proceeded with its plans to reduce the private sector by increasing state ownership and market controls. The Sandinistas tightened control after 1982, using insurgent attacks to justify a ban on most opposition party activities and suspension of civil liberties. [redacted]

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Until recently, the Sandinistas faced growing pressures to slow their consolidation or alter their policies, but the balance now appears to have shifted. The 1984 election was an important turning point for the Sandinistas, and, according to Sandinista leader Bayardo Arce, they regarded it as "using an instrument claimed by the bourgeoisie . . . to move ahead in matters that for us are strategic." The strategy of engineering a substantial victory successfully achieved the minimum goal of providing the Sandinistas with an alleged mandate to further consolidate their control, although it failed to give them the clear-cut legitimacy they desired because of the boycott by the main opposition parties and the government's harassment tactics during the campaign.

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Since the election, the government has taken a number of steps indicative of a tougher line with the main opposition parties, including ending the National Dialogue talks and imposing travel restrictions. The Sandinistas probably will continue to deny these parties opportunities to organize public support and are likely to renew emergency control measures through the year. We believe, however, that the Sandinistas are unlikely over the next few years to abandon altogether the fig leaf of political pluralism. They will probably continue to portray the small parties participating in the new Constituent Assembly as the legitimate opposition. They also are likely to make heavy use of mass organizations—including the militia, civil defense committees, Sandinista youth, and labor federations—to assist their political consolidation and help give the impression of widespread popular support.

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The Sandinistas will easily dominate the Assembly and use it to institutionalize their control by writing their own constitution within two years. We expect the constitution, while honoring civil liberties in the abstract, to provide the legal basis for restricting them, as well as for dominating the mass media, promoting state intervention in the economy, and establishing the irreversibility of the revolution and the special role of the Sandinista National Liberation Front (FSLN). We believe the regime will continue its efforts to develop the FSLN into a disciplined Marxist-Leninist party, with Cuban and other Soviet Bloc advice and assistance. Tactical disagreements and personality conflicts would appear to make a leadership shakeup likely over the long run, but we doubt that the leadership will experience a significant change in membership or structure within the next year or so.

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In the economic arena, the increase in state controls—the government now directly produces over 45 percent of GDP—has been accompanied by a steady deterioration in output and growing consumer

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shortages. Declining Western financial support, reduced private investment, and public sector mismanagement—together with a general worsening of the terms of trade—will continue to depress living standards. The Sandinistas probably will try to utilize growing consumer problems and business disruptions to justify further state control of the economy over the next year. The government is likely to target private sector leaders in particular in an effort to intimidate them and reduce their opposition political role.

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Internationally, Managua has shifted its foreign trade away from the United States and toward the Soviet Bloc and radical Arab states over the past five years, and it probably will rely increasingly on Soviet Bloc and radical Arab economic support to offset declining private investment and Western aid. While the Soviet Bloc appears unwilling to meet Nicaragua's hard currency needs, it appears ready to shoulder a heavier economic burden to support Sandinista consolidation. Such aid, however, probably would not be sufficient to assure growth and overcome the burdens of the Sandinista-run economy.

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Meanwhile, popular discontent has risen and become more open because of economic problems and harsh government policies—most significant, forced military conscription. But the domestic opposition is weak and fragmented and remains unable to capitalize on this vulnerability. The Catholic Church probably will continue to be the strongest nonmilitary obstacle to consolidation. However, its hierarchy fears that the regime's restrictions on foreign priests and efforts to control Catholic education will undermine the church's long-term ability to resist.

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We believe Nicaragua will continue to strengthen its armed forces, further upsetting the regional military balance. Additional Communist military advisers, principally Cubans, are likely to arrive to support an increasingly sophisticated inventory of military equipment and assist the counterinsurgency effort. At least 50 Cubans reportedly died as a result of fighting last year, and the number is likely to grow as a result of their close involvement with Sandinista forces in the field. Development of air defenses will probably receive special attention, possibly including delivery of medium- and high-altitude surface-to-air missiles. We believe that Moscow will not risk delivery of MIG-21 fighters this year, but we cannot rule out the possibility the Soviets will approve the delivery of less sophisticated L-39 jet trainer/attack aircraft. Managua is unlikely to use its forces to initiate a border war with its neighbors because of a potential US response, but may use them to increase the scale of raids on insurgent camps in Honduras.

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The 12,000- to 15,000-man insurgency has been a major obstacle to the Sandinistas' consolidation, forcing them to increase defense expenditures and exacerbating their economic difficulties. The continued

insurgency also undermines public confidence in the regime and challenges its claim of political legitimacy. In other ways, however, the insurgents have aided the Sandinistas by assisting Managua's efforts to elicit international sympathy and support, cast the United States in the role of the aggressor, and justify the increasing military buildup and economic deprivations. [redacted]

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The guerrillas still are providing strong military resistance to the Sandinistas despite the cutoff in US aid last year. Their strength probably would continue to grow if they could obtain sufficient external funding, although it would not grow enough to threaten the overthrow of the regime in the next year or so. Popular sympathy for the insurgents appears to be on the rise generally. In addition, active support has increased in their areas of operation, and new recruits have continued to join up. Nonetheless, serious logistic shortages have forced the insurgents to scale down their activities, and they are unlikely to raise sufficient aid from private sources or other foreign governments over the next several months to prevent a further decline in their effectiveness. The Sandinistas have begun a major push, assisted by an expansion in their own counterinsurgency capabilities, to exploit growing guerrilla weaknesses and reduce guerrilla numbers significantly by the end of the year. [redacted]

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Insurgent morale would be damaged by a US failure to renew support, and guerrilla capabilities would be further degraded, although we doubt that they would precipitously disintegrate. Nevertheless, there is some chance that the insurgency will decline drastically if US aid is not renewed, and particularly if Honduras decides the effort is a lost cause and reduces its support significantly. In any case, significant numbers of guerrillas probably would have to be demobilized—perhaps one-third to one-half of the current 12,000- to 15,000-man force over the next 12 to 18 months—and they and their supporters would be likely to seek refuge in Honduras and Costa Rica in increasing numbers as insurgent fortunes declined and operations were reduced. This, in turn, would be likely to cause major problems for those countries, particularly Honduras. [redacted]

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We believe the insurgency drove the Sandinistas to the negotiating table, and its persistence and growth have been key factors in shaping Sandinista objectives and strategy in the Contadora process and in bilateral talks with the United States. Without a viable insurgency, Sandinista incentives to make negotiating concessions would be reduced, and the domestic opposition would be weakened significantly. [redacted]

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We believe that the Sandinistas' main objectives in regional negotiations are:

- To buy time for consolidation of the regime.
- To ease external pressure by demonstrating "reasonableness" to outside observers in order to consolidate their internal control.
- To obtain an explicit or implicit guarantee that the United States will not overthrow the regime.

The Sandinistas have indicated their willingness to give assurances on key US and regional concerns, including withdrawal of support to insurgents in other Central American countries, ending the presence of foreign military advisers, and limiting the acquisition of arms. Despite these assurances, we believe that the Sandinistas will attempt to evade compliance on these points, and that it will be difficult to establish effective verification measures. In fact, they are already attempting to lay the groundwork for circumventing potential restrictions. While they have expressed agreement with Contadora's democratic principles, they continue to resist any meaningful provisions for internal democratization in a draft treaty.

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We doubt that Sandinista leaders would abide by their suggestions that they would stop support for the Salvadoran guerrillas if all foreign support to the anti-Sandinista insurgents also were ended. The construction of a new training center for Salvadoran guerrillas last year and the presence of the headquarters of all five guerrilla factions in Nicaragua indicate the continuing Sandinista commitment. While the flow of arms to El Salvador appears to have dropped off, other material continues to be sent, and the guerrillas probably rely on the Sandinistas for almost all their ammunition needs. Although Managua might temporarily suspend the flow if necessary in the context of a peace agreement, it probably believes it can circumvent restrictions and continue to supply covert support.

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We believe that Managua will continue to develop political, economic, military, and cultural links to Communist states, and its dependence on Moscow and Havana is likely to grow. The Sandinistas also regard support for foreign revolutionaries as a basic tenet of Marxist-Leninist ideology and as necessary for their long-term survival. Thus, the unimpeded consolidation of such a regime would imply the following threats to US strategic interests over time:

- Nicaragua's acquisition of additional weapons and other military equipment, which would further upset the regional military balance and complicate US force planning.

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- Increased Soviet and Cuban military presence, including access to port and air facilities and enhanced intelligence gathering, particularly in the Panama Canal area and along the Pacific and Caribbean coasts.
- A more secure base for support of radical insurgent and terrorist groups aimed at destabilizing other governments in the region and elsewhere in the Western Hemisphere.
- A sharp increase in the number of refugees from Nicaragua, thereby creating further potential for instability in neighboring countries.

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US acquiescence in the consolidation of another interventionist Marxist-Leninist regime in the hemisphere would produce a definite change in Latin American geopolitical assumptions, affecting other regional governments' postures toward Nicaragua, demoralizing vulnerable democratic parties, and encouraging other pro-Soviet and pro-Cuban revolutionary movements.

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